

Committee on Ways and Means

Textiles Safeguard in Vietnam PNTR Provides Swift, Predictable Relief

- The Vietnam PNTR bill includes a subsidies enforcement mechanism to ensure that the Administration acts quickly and decisively if Vietnam grants any prohibited subsidies to its textile and apparel industry in violation of the terms of its accession to the World Trade Organization (WTO).
- The subsidies enforcement mechanism ensures that Vietnam honors its commitment to eliminate all prohibited subsidies to its textile and apparel industry immediately upon accession (prohibited subsidies are those contingent upon export performance or domestic-content requirements).
 - The United States may automatically reimpose quotas on textile and apparel imports from Vietnam for up to one year at any time during the first year of Vietnam's WTO membership if Vietnam continues to provide prohibited subsidies to its textile and apparel industry.
 - The quotas will apply to all 38 categories of textiles and apparel that are currently protected, regardless of whether the Vietnamese prohibited subsidy is minor.
- Unless Congress provides specific legislative authority for the Administration to enforce Vietnam's commitment on prohibited subsidies, the only authority the Administration has is the time-consuming and discretionary authority under Section 301 of the Trade Act of 1974.
- The PNTR bill improves on current law to implement the subsidies enforcement mechanism. The timelines for initiation, determination, consultation, and imposition of quotas are tighter than allowed under Section 301 and will guarantee faster relief to the U.S. textile industry.
- Although the Administration could theoretically act faster than the Section 301 deadlines, there is no guarantee that it will. The bill ensures that the subsidies enforcement process will move forward in the shortest possible timeframe within the parameters negotiated between the United States and Vietnam on prohibited subsidies.
- The bill requires the Administration to:
 - initiate proceedings and request consultations with Vietnam within 20 days of receiving a petition (sec. 301 allows 45 days),
 - make a determination and refer the dispute to the WTO within 60 days of initiating an investigation (sec. 301 allows much longer timelines, up to 18 months in some cases), and
 - impose sanctions within 120 days after referring the dispute to the WTO, even if the WTO has not yet made a decision (sec. 301 allows much greater discretion on how and when to act, and the Administration may wait to impose quotas for up to 180 days after making a determination).
- The transparency and consultation provisions in the bill are stronger than existing authority, assuring that Congress and U.S. industry are better informed and their input is considered.